



ONTARIO ENERGY BOARD

FILE NO.: EB-2015-0004 Hydro Ottawa Limited

VOLUME: Technical Conference

DATE: August 25, 2015

EB-2015-0004

Hydro Ottawa Limited

**Application for electricity distribution
rates for the period from January 1, 2016 to
December 31, 2020.**

Hearing held at 2300 Yonge Street,
25th Floor, Toronto, Ontario,
on Tuesday, August 25, 2015,
commencing at 9:35 a.m.

TECHNICAL CONFERENCE

A P P E A R A N C E S

MAUREEN HELT

Board Counsel

CHRISTIE CLARK

Board Staff

FRED CASS
BILL BENNETT
CASEY MALONE

Hydro Ottawa Limited

LESLIE MILTON
JENNIFER COLLIER

Rogers Communications Partnership,
TELUS Communications Company and
Quebecor Media ("the Carriers")

DAVID PEAKER
ADRIAN MACDONALD

Allstream Inc.

RANDY AIKEN

Energy Probe Research Foundation

MARK RUBENSTEIN

School Energy Coalition (SEC)

BILL HARPER

Vulnerable Energy Consumers'
Coalition (VECC)

ALSO PRESENT:

MICHAEL PIASKOSKI

Rogers Communications

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NO EXHIBITS WERE FILED IN THIS PROCEEDING.

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1 Tuesday, August 25, 2015

2 --- On commencing at 9:35 a.m.

3 MS. HELT: Good morning, everyone. My name is Maureen
4 Helt, and I am counsel with the Board, and with me I have
5 Christie Clark, who is the case manager for EB-2015-0004,
6 which is Hydro Ottawa Limited's application for an order
7 approving just and reasonable rates and other charges for
8 electricity distribution, to be effective January 1, 2016,
9 and for each following year, effective January 1 through to
10 December 31st, 2020.

11 Today we are continuing on with our technical
12 conference. This is the third day of technical conference,
13 so when I am referring to undertakings and exhibits, I will
14 give them a number starting with the Day 3 -- or with the
15 number 3 to reflect that it's Day 3.

16 For everyone's benefit, just reminders: In order to
17 turn your microphones on, you will notice in front of you
18 that, on the console, there is a green button. If you
19 press that button, the green light will come on, and that
20 will mean that your microphone is on. If for whatever
21 reason it is not on, either myself or the court reporter
22 will let you know.

23 The court reporter needs to hear all of the answers
24 and questions so that she can properly transcribe the
25 information. This technical conference is also been
26 broadcast on air.

27 And I expect probably what will happen is we will have
28 the technical conference this morning. We may finish

1 earlier this morning. We will take a break, and then we
2 will commence with the settlement conference, and I can
3 deal with issues concerning the settlement conference when
4 that time comes.

5 We have witnesses today -- thank you very much for
6 coming -- from Rogers, TELUS, and Quebecor as well as from
7 Allstream. All three witnesses are present on the witness
8 panel, so I'd ask, when you have questions, if you please
9 direct your question to the particular witness you have
10 questions of.

11 Perhaps before we get started, I would just ask for
12 appearances, and then perhaps Ms. Milton and Mr. Peaker can
13 introduce their witnesses. Thank you.

14 **APPEARANCES:**

15 MR. CASS: Good morning. Fred Cass for Hydro Ottawa.
16 I have with me, on my left, Bill Bennett and, on my right,
17 Casey Malone.

18 MS. MILTON: Leslie Milton for Rogers Communications
19 Partnership, TELUS Communications Company, and Quebecor
20 Media. I have on my far right Michael Piaskoski of Rogers
21 and Ms. Jennifer Collier, co-counsel.

22 MR. RUBENSTEIN: Mark Rubenstein, counsel for the
23 School Energy Coalition.

24 MR. HARPER: Bill Harper, consultant for VECC.

25 MR. AIKEN: Randy Aiken, consultant for the Energy
26 Probe Research Foundation.

27 MR. PEAKER: David Peaker, a regulatory analyst for
28 Allstream, and I have with me but up front Mr. Adrian

1 MacDonalld, also with Allstream.

2 MS. HELT: Thank you, everyone. Are there any
3 preliminary matters that anyone would like to address prior
4 to commencing the technical conference?

5 MS. MILTON: If I could just introduce my witnesses,
6 and then David McKeown has one correction he'd like to make
7 to his evidence. So right in front of me is David McKeown,
8 and beside him is Kevin Richard. And perhaps, then, I will
9 turn it over to David to identify the corrections he wants
10 to make.

11 MS. HELT: Certainly. Thank you.

12 MR. McKEOWN: Yes, thank you. Thank you. On page 24,
13 the line item identified as capital carrying costs per pole
14 is shown as 7625. It should be 8428 to be consistent with
15 page 17 of the report. Also on page 20, the number 7625
16 appears, and it too should be 8428. Thank you.

17 MS. HELT: Thank you for that. Any other remarks, Ms.
18 Milton?

19 MS. MILTON: I don't think so, no.

20 MS. HELT: Thank you.

21 Mr. Peaker?

22 MR. PEAKER: None for me, thanks.

23 MS. HELT: All right, then. I will turn it over to
24 you, Mr. Cass, to commence your questioning.

25 **INTERVENOR WITNESS PANEL**

26 **David McKeown for the Carriers**

27 **Kevin Richard for the Carriers**

28 **Adrian Macdonald for Allstream**

1 **EXAMINATION BY MR. CASS:**

2 MR. CASS: Thank you. My first questions are for the
3 panel at large. It was our understanding that the answers
4 to undertakings from the technical conference of the Hydro
5 Ottawa witnesses were needed for the written evidence that
6 you were to provide in this proceeding. It would be of
7 value to us to know how you used that information from the
8 answers to undertakings.

9 We haven't been able to see that in the written
10 evidence. Can you please point us to how you used the
11 answers to undertakings from Hydro Ottawa in the written
12 evidence?

13 MR. McKEOWN: Mr. Cass, I'm just looking at my
14 evidence. There are a couple of references, I believe, but
15 if you could just give me a second, I will get those for
16 you.

17 MR. CASS: Certainly.

18 MR. McKEOWN: Thank you. The first one is found on
19 page 8, and there is a footnote 16 there that refers to the
20 technical conference transcript.

21 MR. CASS: Right. That's not an undertaking response,
22 though. It's the undertaking responses I was interested
23 in --

24 MR. McKEOWN: I see.

25 MR. CASS: -- because we understood that you needed
26 them for your evidence.

27 MR. McKEOWN: There is one other reference to the
28 technical conference but not to any of the undertakings.

1 MR. CASS: Okay. I will move on. Thank you. Mr.
2 McKeown, are you an accountant?

3 MR. McKEOWN: Yes, sir.

4 MR. CASS: Have you been accepted as an expert witness
5 to give evidence on the Board's uniform system of accounts
6 or accounting procedures handbook previously?

7 MR. McKEOWN: No, sir.

8 MR. CASS: Okay. At the technical conference of the
9 Hydro Ottawa witnesses, Ms. Collier explained, in relation
10 to the numbers provided by Hydro Ottawa, that there had
11 been some Canadian GAAP numbers and also some IFRS numbers.
12 Did you understand the explanation that she gave in that
13 regard?

14 MR. McKEOWN: Yes, sir. I understood that there was
15 an adjustment and a difference between those two sets of
16 numbers. I didn't look at the details.

17 MR. CASS: Okay. The reason I'm asking -- I am not
18 looking to trick you or surprise you. I am not sure
19 whether the difference between the IFRS numbers and the
20 Canadian GAAP numbers was picked up in your evidence, and
21 so that is what I'm pursuing. I just want to be sure. Did
22 you understand which numbers were IFRS and which were
23 Canadian GAAP, and did you appreciate that difference as
24 you prepared your evidence?

25 MR. McKEOWN: Your question is whether I appreciated
26 the difference? So I understood that there was a
27 difference, but I relied on the numbers as they were
28 submitted to the Board. I didn't, frankly, look to see

1 whether they should be adjusted for a Canadian GAAP or not.

2 MR. CASS: Okay. Well, my question was more, when you
3 were pulling out numbers that you used in your evidence,
4 did you understand in each instance whether you were using
5 an IFRS number or a Canadian GAAP number?

6 MR. McKEOWN: No, I didn't look at that.

7 MR. CASS: Okay. And what did you understand Ms.
8 Collier to explain at the technical conference about
9 Canadian GAAP numbers versus IFRS numbers? What was your
10 understanding that you were working with when you did your
11 evidence?

12 MR. McKEOWN: My understanding was that, because of
13 the introduction of IFRS, there needed to be an adjustment
14 to the Canadian GAAP numbers that had been used
15 historically, and as a result of that difference, the
16 numbers, the Canadian GAAP numbers, would be different than
17 the IFRS numbers.

18 MR. CASS: Okay.

19 Now, Mr. Richard, a question for you. Your evidence
20 discusses, I believe, what you perceived to be advantages
21 of a pole owner. Am I right?

22 MR. RICHARD: Yes, sir. That's correct.

23 MR. CASS: And correct me if I am wrong, but could you
24 confirm that the Board actually addressed that point of
25 advantages or disadvantages of a pole owner in the decision
26 it rendered in 2005?

27 MR. RICHARD: No, I don't think I can speak to that --
28 sorry. No, I don't think I was privy to the decision in

1 2005.

2 MR. CASS: Okay, so the Board issued a decision in RP-
3 2003-0249 in March of 2005, and it specifically, I believe,
4 addresses the pole ownership issue, and at the top of page
5 6 says:

6 "The Board agrees with the electricity
7 distributors that the impact of ownership is
8 neutral."

9 So you didn't look at any of that prior to preparing
10 your evidence?

11 MR. RICHARD: No, sir, I didn't.

12 MR. CASS: Okay, thank you. And then back to you,
13 Mr. McKeown. You have also in your evidence got some
14 points about the pole ownership issue, do you not?

15 MR. McKEOWN: Yes, sir.

16 MR. CASS: Right. And your evidence also addresses
17 the equal sharing and the proportional use methodologies
18 for the allocation of indirect cost, right?

19 MR. McKEOWN: Yes, it does.

20 MR. CASS: And you would be aware that the Board
21 specifically addressed both of these issues in that 2005
22 decision I have just referred to?

23 MR. McKEOWN: I am aware of that.

24 MR. CASS: Okay. So I am not trying to be
25 argumentative. I just want to know where you are going with
26 this. So what are you expecting the Board panel to do in
27 this case on these issues that have been previously
28 addressed? Can you help me with what you are looking for

1 this Board panel to do on those issues?

2 MR. McKEOWN: I am not sure personally I can --

3 MS. MILTON: It appears to me to be an issue of
4 argument. I mean, the witnesses are here to testify to
5 their evidence, not to the strategy of the particular
6 intervenors and their legal argument and the positions that
7 will be taken. This is their evidence; they can testify to
8 their evidence but not to where the Carriers intend to take
9 that evidence in argument.

10 MR. CASS: But it's in Mr. McKeown's evidence and he
11 said he is aware of the previous decision. He must have
12 had some view of what the value of his evidence is opposite
13 the previous decision. That is what I would like to know,
14 what his view is. If he has no view, he can tell me.

15 MS. MILTON: I think his evidence attests -- sets out
16 his view on what the appropriate methodology is and you are
17 welcome to ask questions about his view on that.

18 MR. CASS: So you do agree with me, Mr. McKeown, that
19 your evidence about the appropriate methodology is not
20 consistent with what the Board has ruled on?

21 MR. McKEOWN: Yes, I recognize there are differences.

22 MR. CASS: So, in your view, if your evidence is to be
23 followed in this proceeding, should all aspects of the
24 methodology that the Board has ruled on be open for review
25 now?

26 MS. MILTON: I think that's a legal argument. I don't
27 think the witness is here to testify to legal argument.

28 MR. CASS: I am not asking for a legal argument. I am

1 just asking for his view. He apparently feels that there
2 should be some consideration of points that he thinks are
3 correct and that are inconsistent with the previous
4 decision, so I am just asking him: Does he think that
5 other points should also be open for reconsideration? I
6 think it is a perfectly valid question.

7 MS. MILTON: Mr. McKeown is not a lawyer and he can't
8 testify to the value of precedent. He can provide his
9 opinion on what he thinks the correct methodology is.

10 MR. CASS: Do you think the correct methodology,
11 Mr. McKeown, is to depart in any aspect whatsoever from
12 what the Board has previously ruled on?

13 MR. McKEOWN: The evidence I provided was based on my
14 knowledge of costing. I suppose in a sense I hope that the
15 Board would consider it in their decision and I recognize
16 that there are differences between some of the adjustments
17 I have proposed and what the Board has done. But what
18 happens with that information afterwards is really none of
19 my concern, frankly.

20 MR. CASS: Okay, you not concerned at all, then, that
21 you have expressed views that are contrary to what the
22 Board has already ruled on?

23 MR. McKEOWN: I am not concerned about that per se,
24 no.

25 MR. CASS: Okay, thank you. I will move on, thank
26 you.

27 And in this evidence that you have given, Mr. McKeown,
28 you are representing Rogers, TELUS, and Quebecor; is that

1 right?

2 MR. McKEOWN: That's correct.

3 MR. CASS: And you were here at the technical
4 conference on August 13, when these parties put it to Hydro
5 Ottawa witnesses that TELUS has antenna attachments on
6 Hydro Ottawa poles; right?

7 MR. McKEOWN: Yes.

8 MR. CASS: Does TELUS have or has it ever had antenna
9 attachments on Hydro Ottawa poles?

10 MR. McKEOWN: I do not know the answer to that
11 question.

12 MR. CASS: Can you please find out for me?

13 MS. MILTON: We can undertake to find that out.

14 MR. CASS: Okay, thank you. I would like to know --
15 just to finish off, before you give it an undertaking
16 number -- I would like -- if there are any such attachments
17 I would like to know full details of all of the
18 attachments, how many there are, what poles there are and,
19 in particular, under what authority or permission those
20 have been attached to Hydro Ottawa poles. If there are no
21 such attachments, I would like to know why the parties you
22 are speaking for represented to Hydro Ottawa witnesses that
23 TELUS has these attachments, okay?

24 MS. HELT: So undertaking JTC 3.1 will be to undertake
25 to determine whether or not TELUS does have any attachments
26 to Hydro Ottawa poles or does not. If it does, how many
27 attachments.

28 Mr. Cass, you said what poles. Are you looking for an

1 identification of the specific poles, then, that do have
2 those attachments?

3 MR. CASS: Yes. And in particular these are antenna
4 attachments that were asked about, yes.

5 MS. HELT: As well as what permission TELUS has to
6 have those antenna attachments to Hydro Ottawa poles.

7 **UNDERTAKING NO. JTC 3.1: ON A BEST-EFFORTS BASIS, TO**
8 **DETERMINE WHETHER OR NOT TELUS DOES HAVE ANY**
9 **ATTACHMENTS TO HYDRO OTTAWA POLES OR DOES NOT; IF IT**
10 **DOES, HOW MANY ATTACHMENTS; AS WELL AS WHAT PERMISSION**
11 **TELUS HAS TO HAVE ANTENNA ATTACHMENTS TO HYDRO OTTAWA**
12 **POLES**

13 MS. MILTON: And we will undertake to respond on a
14 best-efforts basis. I don't have TELUS with me right now.
15 David McKeown can't speak on behalf of TELUS; he is here as
16 an expert witness. But we will undertake best efforts to
17 respond to that.

18 MR. CASS: Pardon me. He is not speaking on behalf of
19 TELUS?

20 MS. MILTON: He is an expert, but he is not
21 representing those particular parties. Like, he's --

22 MR. CASS: Quick question for you, Mr. MacDonald. Now
23 the main thrust of your evidence, as I understood it, had
24 to do with Hydro Ottawa's embedded costs per pole; right?

25 MR. MacDONALD: That's correct.

26 MR. CASS: Okay. I noted, though, that in the numbers
27 you gave for the cost per pole you didn't refer to the
28 Toronto Hydro number; do you know the Toronto Hydro number

1 for cost per pole?

2 MR. MacDONALD: No. Those inputs in terms of net
3 embedded costs weren't finalized in the negotiations with
4 Toronto Hydro, so therefore they are not included. It was
5 just a resolution to a rate that was concluded and agreed
6 upon.

7 MR. CASS: Okay. Well it's my understanding that it's
8 readily available on the Board's record for the Toronto
9 Hydro proceeding. Did anyone on the panel make any effort
10 to find that number for the Toronto Hydro cost per pole?

11 MR. MacDONALD: Again, it's my understanding that that
12 rate for the net embedded cost, that specific input wasn't
13 negotiated and finalized.

14 MR. CASS: That's fine, but there is evidence in the
15 Toronto Hydro proceeding about Toronto Hydro's embedded
16 cost per pole. I am just asking whether anybody on -- any
17 one of the three witnesses made any effort to find that
18 evidence that Toronto Hydro gave about its embedded costs
19 per pole?

20 MR. McKEOWN: I don't believe I did, Mr. Cass, but I
21 can't be 100 percent sure about that. I do recall looking
22 at some of the Toronto Hydro costs, but I don't
23 specifically remember that number, or looking for it.

24 MR. CASS: Would you have any way of checking?

25 MR. McKEOWN: I am not sure how I would. I can do my
26 best to look but, if I had looked, it may not be recorded
27 in my notes.

28 MR. CASS: Okay. Mr. McKeown, in your evidence -- I

1 will take you to paragraph 106, please. You reference here
2 expansion plans by Bell and other carriers, and you say you
3 have identified this this at the outset of your evidence.

4 Now when you refer to the outset of your evidence, is
5 that referring to the discussion at pages 2 and 3 of your
6 evidence?

7 MR. McKEOWN: Yes, sir, that is correct.

8 MR. CASS: Okay. Now when I read pages 2 and 3, I did
9 see a reference to -- a general reference to cities in
10 Ontario, Quebec, and the Atlantic provinces. But I didn't
11 -- correct me if I am wrong -- I didn't actually see any
12 reference specifically to Ottawa at all. Is there a
13 specific reference to Ottawa somewhere? I see Toronto, I
14 see Edmonton, and I see some U.S. cities in paragraph 9.
15 Is there a specific reference to Ottawa?

16 MR. McKEOWN: Paragraph 6 does not make a reference to
17 Ottawa, and that's the paragraph that I had in mind
18 primarily with that reference in paragraph 106. But you
19 will note that, in the second bullet, the last sentence
20 says:

21 "Bell will launch Gigabit 5 in other cities in
22 Ontario, Quebec, and the Atlantic provinces as
23 soon as this summer in some locations."

24 And I believe, but I would have to double-check, that
25 the press release, that June 25, 2015 press release, does
26 identify Ottawa as one of the Ontario cities.

27 MR. CASS: Are you aware of the status of Bell's
28 build-out in Ottawa?

1 MR. McKEOWN: I don't know the current status, no.

2 MR. CASS: Would I be wrong in thinking that it's
3 complete?

4 MR. McKEOWN: I would be surprised if the 5 build-out
5 was complete, but I could be wrong. As I say, I do not
6 know the current status.

7 MR. CASS: But in paragraph 106, as an expert, are you
8 basically given the Board your assurance that there will be
9 further increases in attachments on Hydro Ottawa poles?

10 MR. McKEOWN: I'm in no position to do that.

11 MR. CASS: Okay. Thank you. And would you agree with
12 me, to the extent that existing attachers put new
13 attachments on the same poles of Hydro Ottawa, there's no
14 additional revenue to Hydro Ottawa; it's just an additional
15 cost?

16 MR. McKEOWN: I understand that.

17 MR. CASS: Okay. Thank you. Well, it's my
18 understanding that Hydro Ottawa provides annual
19 construction compliance audit results to each of the
20 carriers; is that correct?

21 MR. McKEOWN: Sorry, Mr. Cass, are you asking me?

22 MR. CASS: I'm asking anyone on the panel. It's fine
23 if you answer it, Mr. McKeown. Thank you.

24 MR. McKEOWN: I have no knowledge about that. I do
25 not know.

26 MR. CASS: Okay. Well, what I would like to have is,
27 for each of the carriers that's represented on this panel,
28 these annual audits and certified completion of any

1 associated corrective actions for the years 2011 to 2014.

2 Can you get that for me, please?

3 MR. RICHARD: Sorry, could you repeat?

4 MR. CASS: Yes. I would like to have, for each of the
5 carriers represented on this panel, copies of these annual
6 audits and certified completion of any associated
7 corrective actions for the years 2011 to 2014. Can you get
8 that for me, please?

9 MR. RICHARD: Yes. I can endeavour to do that, yes.

10 MR. CASS: Thank you.

11 MR. RICHARD: Just --

12 MS. MILTON: Just let me interject. Mr. Richard can
13 speak to Rogers' ability. We will use best efforts to get
14 those for TELUS and Quebecor, and I'll let Mr. Peaker speak
15 to Allstream.

16 MR. CASS: Thank you.

17 MR. PEAKER: We will also undertake to do that.

18 MR. CASS: Thank you.

19 MS. HELT: All right, then. So Undertaking JTC3.2 is,
20 for the each of the carriers on the panel -- just to be
21 specific Rogers, TELUS, Quebecor, and Allstream -- to
22 provide annual construction audit results as well as
23 certified completion documentation of any corrective
24 actions taken for the years 2011 through to 2014, and the
25 carriers will make best efforts to provide those documents.

26 MR. CASS: Thank you.

27 **UNDERTAKING NO. JTC3.2: ROGERS, TELUS, QUEBECOR,**

28 **ALLSTREAM TO PROVIDE ANNUAL CONSTRUCTION AUDIT RESULTS**

1 **AS WELL AS CERTIFIED COMPLETION DOCUMENTATION OF ANY**
2 **CORRECTIVE ACTIONS TAKEN FOR THE YEARS 2011 TO 2014,**
3 **ON A BEST-EFFORTS BASIS**

4 MS. MILTON: I'm just a bit confused because those
5 would be Hydro Ottawa documents, so if it wants them, we're
6 not sure why it hasn't produced them itself.

7 MR. CASS: Well, we would like to see what records the
8 Carriers have in their possession. The Carriers apparently
9 are attempting to make a case that what Hydro would like to
10 charge for pole attachments is not fair, and we are
11 interested in seeing the Carriers' records on these matters
12 in relation to the issue that the Carriers have raised
13 about the fairness of what Hydro Ottawa proposes to charge.

14 MS. MILTON: They're not our documents, but we will
15 take the undertaking.

16 MR. CASS: Thank you. Mr. McKeown, am I right in
17 thinking that one of the assertions in your evidence has to
18 do with whether, under the methodology used by Hydro Ottawa
19 to calculate the attachment charges, that administrative
20 costs should be divided by the number of third-party
21 attachers?

22 MR. McKEOWN: Yes, sir.

23 MR. CASS: And can you point me to where, in anything
24 from the OEB, from the Board, setting out the appropriate
25 methodology it stated that that should be done?

26 MR. McKEOWN: I can only assume that that was the
27 Board's intention when it set a rate per pole per attacher.
28 The rate should reflect the cost per pole per attacher.

1 MR. CASS: If there's anything the Board specifically
2 said that you are relying on, I'd just like you to point me
3 to it. That's all. If it's just what you said, that's
4 fine, but if there is anything more, perhaps you could
5 point me to it?

6 MR. McKEOWN: I didn't specifically look for that.
7 It's possible that the Board may have said something, but I
8 do not know.

9 MR. CASS: All right. Well, can you check then and
10 let me know if the Board said anything that specifically
11 supports what you said?

12 MS. MILTON: The decision is out there. Anybody is
13 welcome to refer to it in argument. I am not sure what
14 more needs to be done here.

15 MR. CASS: Well, I think I'm entitled to know what's
16 being relied on in support of the assertions that have been
17 made. Then I will take it there is nothing in a Board
18 decision that's being relied on, then, if you can't point
19 me to anything.

20 MS. MILTON: Mr. McKeown has responded on what he
21 relied on. I think you have your response.

22 MR. CASS: Well, I don't agree, but we can move on.

23 Now, another element of your evidence, Mr. McKeown, is
24 an assertion that there should be a 15 percent reduction in
25 relation to what you call power-specific fixtures; right?

26 MR. McKEOWN: That's correct.

27 MR. CASS: And, again it's the same question. I am
28 just trying to relate what you have in your evidence to any

1 methodology that the Board has at any time ever approved.
2 Can you point me to anything where the Board has ever
3 approved that as part of the appropriate methodology?

4 MR. McKEOWN: That one, I cannot point you to anything
5 that the Board -- the Ontario Energy Board has done. My
6 evidence does point to other jurisdictions, other
7 commissions and boards that have looked at the same issue
8 and cited their -- the steps that they had taken.

9 MR. CASS: Yes, I read your evidence on that. Thank
10 you. But as you said, there is nothing specific from the
11 Ontario Energy Board on that?

12 MR. McKEOWN: That's correct.

13 MR. CASS: Okay. Thank you. And in your evidence,
14 you also refer to bare poles, and again, same question: In
15 the OEB's discussion of the methodology, is there anything
16 specific that you rely on where the Board has actually said
17 that it's the cost of bare poles that it had in mind in
18 laying out its methodology?

19 MR. McKEOWN: I certainly didn't see that phrase used
20 in the Board's decision. Bare poles is a concept used to
21 describe poles without those electrical fixture, as you
22 know. And I don't recall offhand if the Board made any
23 mention of that -- of those adjustments for a bare pole or
24 what we call a bare pole.

25 MR. CASS: Okay. Now, in the evidence, there is a
26 reference to a number that came from -- I think it was
27 Milton Hydro costs from 1995. Do you remember that?

28 MR. McKEOWN: I do.

1 MR. CASS: Yes. So, again, I am not looking to be
2 argumentative. I just want to understand what evidence you
3 have in support of the views you've expressed. Do you have
4 any concrete evidence comparing what the cost of Hydro
5 Ottawa poles to the cost of poles that Milton would have --
6 Milton Hydro would have incurred in 1995?

7 MR. McKEOWN: Just so I am clear on the question, you
8 are asking me if I did a cost comparison of Hydro Ottawa
9 poles with Milton Hydro poles?

10 MR. CASS: Yes. Or even if you have the data or the
11 ability to do that. I am talking specifically about the
12 cost of Hydro Ottawa poles.

13 MR. McKEOWN: So I have some information about the
14 cost of Hydro Ottawa poles, as you know, from the material
15 that was filed. There is some material. There is a fair
16 amount of material that was filed by Milton Hydro, but I
17 did not do a side-by-side comparison of those costs.

18 MR. CASS: But when it comes to the extent to which
19 the cost of Hydro Ottawa poles is an appropriate cost,
20 that's not -- you are not able to do an analysis of the
21 specific cost of Hydro Ottawa's poles? If I am wrong,
22 please just tell me.

23 MR. McKEOWN: There is nothing in the evidence, in my
24 evidence, that requires that comparison. The only time I
25 believe that Milton Hydro comes up is in the context of
26 that 15 percent that's associated with the electrical
27 fixtures.

28 MR. CASS: Okay, thank you. I just wanted to talk to

1 the panel about things that Hydro Ottawa does that the
2 carriers don't necessarily pay for. I just want to ask if
3 you can confirm some of these. So to the extent that Hydro
4 Ottawa makes carriers aware of wires that are down that are
5 not hydro wires, there is no direct or specific charge for
6 that; is there?

7 MR. RICHARD: I don't believe there is, no. I don't
8 think so.

9 MR. CASS: Okay, thank you. To the extent that Hydro
10 Ottawa makes the carriers aware of tree contact with wires
11 that are not hydro wires, there is no direct or specific
12 charge by Hydro Ottawa for that; is there?

13 MR. RICHARD: Rogers, we pay for all the tree trimming
14 as our own expense.

15 MR. CASS: I understand the tree trimming. But to the
16 extent that Hydro Ottawa makes you aware of a situation
17 where trees are in contact with wires, there is no charge
18 to you from Hydro Ottawa for that?

19 MR. RICHARD: No, there isn't.

20 MR. CASS: Thank you. And the central mapping and
21 data reporting that Hydro Ottawa has to do to the track the
22 poles and the attachments to the poles and so on, there is
23 no direct charge or specific charge to the carriers for
24 Hydro Ottawa's central mapping and data reporting costs; is
25 that right?

26 MR. RICHARD: Not that I am aware of, no.

27 MR. CASS: Okay. Now when Hydro Ottawa has to replace
28 a pole, and then Hydro Ottawa has to handle issues -- I am

1 talking about Hydro Ottawa handling issues; I know you do
2 as well, but Hydro Ottawa arising issues from delay in
3 transfer of carriers' assets from one pole to another,
4 Hydro Ottawa doesn't have any specific or direct charge to
5 carriers for that; does it?

6 MR. RICHARD: No. Not unless they approach us with
7 something that we might have caused them to.

8 MR. CASS: Okay. And Hydro Ottawa will make ready
9 poles for communications attachments even though those
10 attachments may not ultimately occur right away, they may
11 occur sometime later down the road, Hydro Ottawa doesn't
12 charge the carriers for that; does it? It's the cost of
13 having poles ready for attachments even though it doesn't
14 get any attachment revenue until sometime later on; isn't
15 that right?

16 MR. RICHARD: I couldn't speak to that because it's
17 not really directly related to -- we wouldn't be involved
18 if they were out there making poles ready, you know, before
19 we have applied for them.

20 MR. CASS: Okay. But you are in the aware of any
21 specific charge that Hydro Ottawa makes you pay because of
22 them having the poles ready for communications attachments?

23 MR. RICHARD: No.

24 MR. CASS: Okay, thank you. Carriers are able to use
25 Hydro Ottawa's poles, grounds, and multi-grounded neutral
26 system and there is no specific or direct charge for that;
27 right?

28 MR. RICHARD: Not that I am aware, no.

1 MR. CASS: Okay. Hydro Ottawa has rights of ways and
2 easements on which these poles are located and there is no
3 specific or direct charge to carriers for the value of the
4 rights of ways and easements? Can you confirm that?

5 MR. RICHARD: That's correct.

6 MR. CASS: From time to time, Hydro Ottawa becomes
7 involved in resolving issues between the attachers
8 themselves and to the extent that happens there is no
9 direct cost to the carriers for Hydro Ottawa doing that; is
10 there?

11 MR. RICHARD: I don't believe there is, no.

12 MR. MacDONALD: Or reciprocal costs, either way.

13 MR. CASS: Okay, thank you.

14 MR. McKEOWN: Mr. Cass, perhaps I could add -- and I
15 am sure you are aware that many if not all of those costs,
16 I am not sure, are included in the cost study. So it would
17 be inappropriate, I would suggest, if there was a specific
18 cost for those elements, if the costs were also included in
19 the derivation of the per cost -- or per pole attachment
20 rate.

21 MR. CASS: So it's your view, Mr. McKeown, that those
22 costs are already in there, you are saying?

23 MR. McKEOWN: No, I did not say that.

24 MR. CASS: Oh, I thought you did. I'm sorry.

25 MR. McKEOWN: I said to the extent that they are
26 already included. And I recognize that some of those
27 costs, like wires down and tree on wires, have been
28 included in -- by Hydro Ottawa in their cost study.

1 MR. CASS: All right. Sorry, my apologies. I am just
2 going to try to follow up on this, Mr. McKeown, on your
3 last answer. See if I can; I am not sure.

4 The costs that we were just talking about, to the
5 extent that they fall outside account 1830, they are not
6 being included; do you agree with that?

7 MR. McKEOWN: I don't think so, no. So in Hydro
8 Ottawa's cost study there are two types of costs; one are
9 the direct costs and the other are the indirect costs. The
10 indirect costs rely heavily on account 1830, but the direct
11 costs, as I understand it, are estimates of activities that
12 are undertaken by Hydro Ottawa outside of account 1830 that
13 are caused by pole attachers.

14 MR. CASS: Now I think there was also some evidence --
15 I believe it was from you, Mr. McKeown -- about the
16 calculation of the weighted average cost of capital for the
17 purposes of the attachment charges.

18 MR. McKEOWN: Yes, sir. Could you refer me to the
19 paragraph?

20 MR. CASS: I just have a general question for you on
21 that. And my general question is: Do you agree with the
22 OEB's methodology for determining the weighted average cost
23 of capital? Or do you propose any deviations from the
24 OEB's methodology?

25 MR. McKEOWN: No. In fact the corrections I made this
26 morning were to reflect the fact that we are using a
27 6.7 percent rate of return on total capital, which I
28 understand is the rate that was approved by the Board in

1 the prior proceedings for Hydro Ottawa. But I took it at
2 face value from Hydro Ottawa's filings and I didn't
3 determine for myself that that is what the Board had done.

4 MR. CASS: Okay. So just for complete clarity, you
5 not proposing any deviations from the Board's methodology
6 for calculating weighted average cost of capital?

7 MR. McKEOWN: No, sir.

8 MR. CASS: Thank you. Also in the evidence there is
9 discussion of the number of attachments per pole. So I
10 would like to know, for each of the carriers represented on
11 this panel, so that's for each, according to your -- the
12 records of the carriers, what is the total number of
13 attachments? What is the number of poles on which each has
14 these attachments? And what is the total amount paid for
15 attachments? I would like that for each of the four
16 carriers represented on the panel. Can you provide that
17 information, please?

18 MS. MILTON: Again, I'm not sure. These would be
19 Hydro Ottawa's records. I'm not sure why you need that
20 from us.

21 MR. CASS: Well, again, we'd like to know what's in
22 your records. The specific issue raised in the evidence is
23 the number of attachments per pole. I think we're entitled
24 to know what's in your records as to how many attachments
25 you have on the poles. We have already had an insinuation
26 that TELUS has attachments on the poles that, as far as
27 we're aware, they don't have authority to put there, so we
28 want to know what your records say about total attachments,

1 number of poles these attachments are on, and the amount
2 paid in respect of attachments. I don't think we need to
3 argue it here. It's a pretty clear question.

4 MS. MILTON: I didn't think this proceeding was about
5 unauthorized attachments. I don't see how this issue goes
6 to the rate, but it will be an incomplete picture at best.
7 We can undertake on a best efforts basis to see what we can
8 provide for TELUS and Quebecor.

9 And, Mr. Richard, would you be able to get that
10 information for Rogers?

11 MR. RICHARD: Yes.

12 MR. CASS: And Allstream?

13 MR. MacDONALD: Allstream will provide that
14 information as well.

15 MR. CASS: Thank you very much.

16 MS. HELT: Just to be clear, Mr. Cass, where you ask
17 about the amount paid in respect of the attachments, are
18 you looking for specific detailed amounts or an aggregate
19 amount?

20 MR. CASS: The annual gross amount for each.

21 MS. HELT: All right, then. That will be undertaking
22 JTC3.3, and I don't think I need to repeat it. I think
23 it's clear on the record.

24 **UNDERTAKING NO. JTC3.3: ROGERS, TELUS AND QUEBECOR TO**
25 **ADVISE THE ANNUAL GROSS AMOUNT PAID IN RESPECT OF THE**
26 **ATTACHMENTS**

27 MR. CASS: Thank you. Do each of the carriers
28 represented on the panel belong to the Ottawa utility

1 coordinating committee?

2 MR. RICHARD: No, I'm not.

3 MR. CASS: So Rogers is not part of the utility?

4 MR. RICHARD: I am not myself.

5 MR. CASS: No, no. I mean the carriers. Like, is
6 Rogers part of the Ottawa Utility Coordinating Committee?
7 TELUS? Quebecor? Allstream?

8 MR. MacDONALD: I believe Allstream is part of that
9 committee, and it's represented.

10 MR. RICHARD: Yes, Rogers is.

11 MR. CASS: Okay. Thank you. And do each of the
12 carriers participate fully in the regular meetings and take
13 advantage of the opportunity for information sharing
14 through that committee?

15 MR. RICHARD: Yes, I believe they do. Yes.

16 MR. CASS: Thank you.

17 Now, in respect of the attachments that Rogers pays
18 Hydro Ottawa for the ability to access on Hydro Ottawa's
19 poles, does Rogers then, in turn, charge other companies
20 for the opportunity to take advantage of that by
21 overlashing?

22 MR. RICHARD: I believe there is costs that are passed
23 on for a third party to Rogers strand.

24 MR. CASS: Okay. And what does Rogers charge to
25 others for the opportunity to overlash?

26 MS. MILTON: Can you explain to me how that's
27 relevant, Mr. Cass?

28 MR. CASS: Absolutely. Again, I understand the

1 Carriers to be asserting that Hydro Ottawa's proposal to
2 recover costs for these attachments is not reasonable. I
3 think it's perfectly appropriate to know what Rogers
4 charges when it provides access by way of overlashing.

5 MS. MILTON: We are taking about a rate for attachment
6 to strand. It's not a pole attachment rate. We are not
7 going to provide that. We don't see its relevance.

8 MR. CASS: Okay. Well, I'll just go through the
9 information that I would like to have. Would I be right in
10 thinking that Rogers, perhaps, charges as much as 50
11 percent of its cost to another party that takes advantage
12 of the opportunity for overlashing?

13 MS. MILTON: We're not going to answer that. We're
14 objecting.

15 MR. CASS: And would I be right in thinking that
16 Rogers may, in fact, charge this 50 percent to multiple
17 parties so that Rogers could, in fact, be profiting from
18 the access that it gains on Hydro Ottawa poles?

19 MS. MILTON: Same objection.

20 MR. CASS: All right. And would you -- for each of
21 the carriers represented on this panel, would you please
22 provide me with the names of all of the attachers that
23 sublease access from any of the carriers on Hydro Ottawa
24 poles?

25 MS. MILTON: Same objection.

26 MR. CASS: Okay. And can you please provide a copy of
27 the model agreement for any such arrangements made by any
28 of the carriers on this panel, particularly Rogers, with

1 any of these other parties?

2 MS. MILTON: Same objection.

3 MR. CASS: Okay. And can you please tell me how many
4 strands of attachments each of these attachers have?

5 MS. MILTON: Same objection.

6 MR. CASS: And can you please tell me what additional
7 annual revenue this represents for each of the carriers
8 represented on the panel?

9 MS. MILTON: Same objection: not relevant.

10 MR. CASS: Yes. Okay.

11 MS. HELT: So these will all be marked as refusals,
12 then, on the record.

13 MR. CASS: Thank you. Those are my questions.

14 MS. HELT: Thank you very much, Mr. Cass. I will then
15 turn it over to Mr. Rubenstein on behalf of the School
16 Energy Coalition.

17 **CROSS-EXAMINATION BY MR. RUBENSTEIN:**

18 MR. RUBENSTEIN: All right. Thank you. Thank you
19 very much. I just have a few questions.

20 Mr. McKeown, can we start with the corrections you
21 made with your report on page 24? And am I correct that
22 your sole correction on that page is under the capital
23 carrying costs per pole number, the revised changes from
24 76.25 to 84.28?

25 MR. McKEOWN: No. There is a follow-through
26 correction that needs to be made.

27 MR. RUBENSTEIN: Do you know those numbers?

28 MR. McKEOWN: I can give you the numbers that I have,

1 but I'd like the opportunity to double-check them, but I'll
2 give you what I have got. Is that sufficient?

3 MR. RUBENSTEIN: Well, maybe the best way is if you
4 can undertake to provide a revised -- a corrected page of
5 this.

6 MR. McKEOWN: Yes, I will do that.

7 MS. HELT: That will be Undertaking JTC3.4, to
8 undertake to provide the corrected numbers that are set out
9 in Mr. McKeown's affidavit at page 24. Thank you.

10 **UNDERTAKING NO. JTC3.4: TO PROVIDE THE CORRECTED**
11 **NUMBERS THAT ARE SET OUT IN MR. MCKEOWN'S AFFIDAVIT ON**
12 **PAGE 24.**

13 MR. RUBENSTEIN: Thank you. Now, Mr. McKeown, at
14 paragraph 1 of your evidence, you say:

15 "The purpose of this report is to review and
16 provide comments on the pole attachment cost
17 study prepared by Hydro Ottawa Limited in the
18 context of the April 29th application for 2016 to
19 2020 electricity distribution rates and charges."

20 Would that be similar -- would I characterize the
21 purpose of your report to be similar to you are providing
22 what your view is a more appropriate rate?

23 MR. McKEOWN: I prefer to look at the costing
24 methodology specifically rather than provide an opinion
25 whether the rate is appropriate. An appropriate rate, I
26 think, takes into account a number of other issues, and I
27 am looking exclusively at the costing methodology.

28 MR. RUBENSTEIN: Fair. Let me rephrase that. Is it

1 similar to saying that what you were tasked to do and what
2 you did do in your report is to provide a more appropriate
3 methodology and then apply it to determine a rate?

4 MR. McKEOWN: I looked at the methodology that was
5 used and thought that there probably are better ways of
6 determining what the cost is for a pole attachment.

7 MR. RUBENSTEIN: Now, throughout most of the report,
8 it's using 2013 data; you would agree with me?

9 MR. McKEOWN: Yes, sir.

10 MR. RUBENSTEIN: And do you think that's an
11 appropriate methodology for setting a pole attachment rate
12 for 2016?

13 MR. McKEOWN: That's a good question. I need to
14 provide a little bit of history here. So when the CRTC
15 looked at this, I think they faced a bit of a dilemma.
16 They identified two types of costs. The direct costs were
17 those costs that were causal to -- directly causal to the
18 attachments and they used a forward-looking costing
19 methodology to determine those costs.

20 The second part was the fixed costs associated with a
21 pole. And for that, they looked at historic costs. And
22 they did so -- this is my understanding of the CRTC's
23 decision -- they did so because they wanted to determine an
24 appropriate way of allocating those fixed costs amongst
25 different parties.

26 And, to that extent, to determine the appropriate
27 level of contribution towards those fixed costs, it would
28 be appropriate to use historic costs because they are more

1 identifiable. It would be more difficult, I think, to
2 determine the cost of a pole on a forward-looking basis.
3 And I assume that's what they did. And this study takes
4 the same approach. So I didn't -- I didn't think it was
5 appropriate to make any changes.

6 MR. RUBENSTEIN: No, I understand that Hydro Ottawa
7 took that approach. But if you are trying to determine a
8 more appropriate methodology, and putting aside what the
9 CRTC may have done, do you believe that that is an
10 appropriate way to do it?

11 MR. McKEOWN: My view is, if you are setting future
12 rates then it's best to use future costs to the extent that
13 you can do that. To the extent that those projections are
14 reliable.

15 MR. RUBENSTEIN: And -- but you didn't do that in this
16 report?

17 MR. McKEOWN: I didn't do that.

18 MR. RUBENSTEIN: And do you believe that there is
19 enough data on the record in this proceeding to do that?

20 MR. McKEOWN: No, I don't believe there is.

21 MR. RUBENSTEIN: Can you help me understand that?

22 MR. McKEOWN: Sure. So I am just looking at Hydro
23 Ottawa's attachment H-7A, which is a table that I refer to
24 as the Pole Attachment Cost Study.

25 MS. McALEER: I am afraid I am not able to pull that
26 up right now.

27 MS. HELT: Do the intervenors have access to it on
28 their own computers?

1 MR. RUBENSTEIN: I do have it. Is it the page that
2 starts with "specific service charge" and the next says
3 "proposed new charge pole attachments" that we are looking
4 at?

5 MR. McKEOWN: That's correct.

6 MR. RUBENSTEIN: Okay.

7 MR. McKEOWN: So my first point would be that, for the
8 direct costs -- and now I am talking about -- looking in
9 the left-hand column, the costs that are identified as
10 admin, LIP pole replacement, LIP field verification, and
11 LIP field verification. Sorry there are two subcategories
12 there; wires down and tree on wires.

13 I think these are current costs, but I don't know. And
14 if we were to look at setting rates for a future period,
15 for example 2018, we would need to know more detail as to
16 how those costs were determined. And we don't have that in
17 this proceeding.

18 MR. RUBENSTEIN: But we are looking -- but for 2016,
19 which is the first year of Hydro Ottawa's plan?

20 MR. McKEOWN: For 2016. So I don't -- these may be
21 2016 costs, but I don't know that.

22 MR. RUBENSTEIN: But if we go, then --

23 MR. McKEOWN: And if they are 2016 costs, I would need
24 to step back behind the costs that appear on this page and
25 understand the derivation of these costs.

26 MR. RUBENSTEIN: But what about for the indirect,
27 total indirect costs? You would agree with me that Hydro
28 Ottawa has a forecast for its net embedded costs per pole?

1 Or one can be derived based on the evidence for 2016?

2 MR. McKEOWN: Yes, they have provided that number.

3 MR. RUBENSTEIN: And then the same for depreciation?

4 MR. McKEOWN: Right. So, for each of these items,
5 maybe, with the exception of the capital carrying costs
6 since I don't think we yet know what rate of return is
7 permitted for the future period. We could look at the
8 Hydro Ottawa costs that have been filed, but it would
9 require -- in my view, in order to be comfortable with the
10 numbers, we would need some additional information.

11 MR. RUBENSTEIN: If I can ask you to turn to page 22
12 of your report. And at paragraph 108, you summarize an
13 earlier discussion but you say that -- and I am summarizing
14 your view -- that there should be -- the number of proposed
15 attachers that should be used in the methodology should be
16 at least 2.5 attachers; am I correct?

17 MR. McKEOWN: That's correct.

18 MR. RUBENSTEIN: And Hydro Ottawa had used two?

19 MR. McKEOWN: That's correct.

20 MR. RUBENSTEIN: And the basis of your 2.5, correct me
21 if I am wrong, is based on forecasted growth. Is that --
22 do I have that correct, that's really at the heart of it?

23 MR. McKEOWN: No. We would need to look back to
24 paragraph 99 and following for the reasons why I think 2.5
25 is more appropriate. That discussion includes a quote from
26 the Ontario Energy Board's original decision about 2.5. It
27 includes a discussion about there being 12 pole attachers
28 and a number of other points that lead to the 2.5. It's

1 not just the forecast.

2 MR. RUBENSTEIN: All right. But putting aside what
3 the Board said in its decision in 2005, I want to know what
4 you think, using your expertise. Do you think -- can you
5 help me understand where 2.5 would come from? Is there
6 something that you are relying on based on your expertise
7 of why that's an appropriate number?

8 MR. McKEOWN: Well, again, I would need to go through
9 the paragraphs 99 to 108 to provide you that information.
10 I can do that if you'd like, but --

11 MR. RUBENSTEIN: Well let me understand. If I could
12 take you to -- I don't know if you have this, all the
13 information, with you, but if you have undertaking TCJ 1.7.
14 My understanding from this undertaking -- I will wait.
15 Just let me know when you have it.

16 MR. McKEOWN: Thank you. I have that.

17 MR. RUBENSTEIN: Now my understanding is, using Hydro
18 Ottawa's calculation, as of August 18, 2015, they have
19 1.68 attachers per pole; do you see that?

20 MR. McKEOWN: Yes, I see that.

21 MR. RUBENSTEIN: So if, as of August 2015, they have
22 1.68 attachers per pole, why would it not be more
23 appropriate to use that number?

24 MR. McKEOWN: The problem I faced is, I couldn't
25 reconcile all of the numbers that I had before me. So, for
26 example, Hydro Ottawa provided the number of lighting
27 attachments, and I'd like to give you that reference, if I
28 can find it. I'm sorry. I don't have it handy. But it

1 was inconsistent with the numbers that I saw on that page,
2 and elsewhere. So as much as I would have liked to have
3 done the calculation from available numbers, it didn't seem
4 possible. I relied instead on factors that the Board had
5 taken into account as well as the factors that I have set
6 out in the evidence.

7 MR. RUBENSTEIN: Let me ask you just sort of on a
8 methodological basis. If we are using 2013 numbers
9 consistently in your report to determine the cost, why
10 shouldn't we use the number of -- or should we use the
11 number of -- sorry. Should we use the number of 2013
12 attachments per pole? Wouldn't that be consistent?

13 MR. McKEOWN: It would be consistent, but I think it
14 would be a mistake not to consider the short-term
15 perspective. So if one expects that there will be further
16 attachments, as we do in the case of wireless attachments,
17 then by overlooking that, we will end up with a rate for a
18 future period that more than recovers the costs associated
19 with that period.

20 MR. RUBENSTEIN: And would you agree, then, that
21 principle should also apply to other costs? So we should
22 look at other costs that may go up or down from the 2013
23 number at the same way?

24 MR. McKEOWN: So, yes, I am not saying that we -- let
25 me step back a bit. I think we need to consider those
26 things. Those are relevant in coming up with a decision.
27 So if we saw, for example -- and I'm just giving you a
28 hypothetical example -- that the number of attachments was

1 going to double next year, but we were just relying on 2013
2 data, then we would end up with a rate that doesn't reflect
3 that future period.

4 Now, if, on the other hand, we are relying on 2013
5 data for the actual number, there is a mismatch. There is
6 a problem because we are setting our rate, then, for a
7 future period based on past costs, and we know full well
8 that those past costs aren't going to reflect the period of
9 time during which those rates apply.

10 MR. RUBENSTEIN: And that would be similar if we knew,
11 say, the net embedded cost in 2013 does not reflect the net
12 embedded cost for poles that will exist during Hydro
13 Ottawa's planned term?

14 MR. McKEOWN: If it was a significant factor, I think,
15 then, it should be considered. So if pole costs were
16 halved or doubled, then that would be a relevant
17 consideration.

18 MR. RUBENSTEIN: Thank you very much.

19 And, lastly, with respect to your expertise, have you
20 ever filed any expert evidence or testified as an expert in
21 a regulatory proceeding or court proceeding on pole
22 attachment rates or pole costing?

23 MR. McKEOWN: No, I have not.

24 MR. RUBENSTEIN: Have you ever testified or filed
25 evidence as an expert in costing, for costing?

26 MR. McKEOWN: I have appeared not as an expert, but on
27 behalf of clients in CRTC proceedings related to costing,
28 yes.

1 MR. RUBENSTEIN: But you have never appeared as an
2 expert?

3 MR. McKEOWN: No, I have not.

4 MR. RUBENSTEIN: All right. Thank you very much.
5 Those are my questions.

6 MS. HELT: Thank you Mr. Rubenstein.
7 Why don't we press on? Mr. Harper?

8 **CROSS-EXAMINATION BY MR. HARPER:**

9 MR. HARPER: That's fine. Actually, I only have a few
10 questions, and they're all for Mr. McKeown, so everybody
11 else can sit back and relax, I guess.

12 The first question has to do -- I would like you to
13 turn to page 18 of your evidence. And here at paragraph
14 89, you set out both historical and forecast pole
15 maintenance costs for the years 2010 through 2020, as
16 provided by Hydro Ottawa.

17 MR. McKEOWN: Yes, sir.

18 MR. HARPER: And then if I go over to the top of the
19 next page, you specifically calculate a per pole
20 maintenance cost for 2013. What I was curious about was,
21 in that calculation, you used a -- you quote a 2013
22 maintenance cost of \$579,188, whereas on the previous page,
23 the reported number for 2013 maintenance was \$605,081, and
24 I was just wondering if you could just explain to me why
25 there was a difference between those two numbers or the
26 rationale why you didn't use the actual 2013 maintenance
27 costs.

28 MR. McKEOWN: I think I had taken these numbers from

1 two different sources, but I don't know the answer to your
2 question but can find out.

3 MR. HARPER: Actually, because curiously enough, the
4 \$579,188 was precisely the 2016 number, and I was curious
5 as to whether we were mixing and matching years on our data
6 as per the conversation you just had with Mr. Rubenstein.
7 So maybe if you could find out and confirm whether the
8 number used at the top of page 19 was correct; and if it
9 isn't, perhaps you could update it and flow that through
10 the various calculations to the extent it's required in
11 your evidence.

12 MR. McKEOWN: Yes, sir. Thank you. I will.

13 MR. HARPER: Okay. Thank you.

14 MS. HELT: That will be undertaking JTC3.5, and just
15 to repeat it for the record, to undertake to determine if
16 the number reported in paragraph 92 in the table at the top
17 of page 19, for the 2013 Account 5120, pole maintenance
18 cost of \$579,188 is accurate, and if it is not, to -- or if
19 it is, to flow that number through and specifically to
20 explain the discrepancy that's noted in paragraph 89 for
21 the 2013 total pole maintenance expenses reflected at
22 \$605,081, to explain the difference between that number and
23 the number reflected at the top of page 19.

24 **UNDERTAKING NO. JTC3.5: TO UNDERTAKE TO DETERMINE IF**
25 **THE NUMBER REPORTED IN PARAGRAPH 92 IN THE TABLE AT**
26 **THE TOP OF PAGE 19 FOR THE 2013 ACCOUNT 5120, POLE**
27 **MAINTENANCE COST OF \$579,188 IS ACCURATE, AND IF IT**
28 **IS, TO FLOW THAT NUMBER THROUGH AND, SPECIFICALLY, TO**

1 **EXPLAIN THE DISCREPANCY BETWEEN THE NUMBER NOTED IN**
2 **PARAGRAPH 89 FOR THE 2013 TOTAL POLE MAINTENANCE**
3 **EXPENSES, \$605,081, AND THE NUMBER REFLECTED AT THE**
4 **TOP OF PAGE 19.**

5 MR. HARPER: Thank you. If we can now turn to page 11
6 of your evidence. And at paragraph 60, you make a case for
7 excluding the direct costs of loss and productivity due to
8 pole replacement on the grounds that these costs are
9 already captured in the capital costs that are used to
10 determine the indirect costs for your pole attachment rate;
11 is that correct?

12 MR. McKEOWN: Yes, sir.

13 MR. HARPER: However, would I be correct in saying
14 that, under the allocation methodology you're proposing for
15 indirect costs, third-party attachers are only allocated 31
16 percent of the indirect costs? And I get that 31 percent
17 from your appendix 1, the table there with the 2.5
18 attachers.

19 So when it's in the indirect cost category, third-
20 party attachers only pick up 31 percent of the costs; is
21 that correct?

22 MR. McKEOWN: So the administrative costs are direct
23 costs.

24 MR. HARPER: No. What I'm referring to: You made the
25 case that we shouldn't be having a specific cost for loss
26 and productivity due to pole replacement because those
27 costs were already included in the capital cost for poles;
28 am I correct?

1 MR. McKEOWN: Yes.

2 MR. HARPER: And it's the capital cost for poles that
3 are used in the calculation of your various indirect costs
4 -- carrying costs, depreciation, and things like that --
5 correct?

6 MR. McKEOWN: That's correct.

7 MR. HARPER: And for those indirect costs, if I go to
8 appendix 1, it appears to me that third-party attachers
9 only pick up -- or basically, in total, are allocated 31
10 percent of the indirect costs -- of the total indirect
11 costs.

12 MR. McKEOWN: Correct.

13 MR. HARPER: And so that would I be fair in saying
14 that, effectively, as opposed to allocating these customers
15 100 percent of pole replacement costs' loss and
16 productivity, they're only be allocated 31 percent of those
17 costs, when we assume it's down under the indirect cost
18 category and treated as such?

19 MR. McKEOWN: I think that's correct. I would like to
20 confirm that because, as you know, there are a couple of
21 steps before you reach that cost.

22 MR. HARPER: And maybe just as a follow-up, if only 31
23 percent is actually there to sort of try and adjust for
24 that, would it be reasonable to -- if we go back up to the
25 top line, where Hydro Ottawa has done a calculation of pole
26 replacement loss in productivity, rather than taking 100
27 percent of that value, only include 69 percent of the value
28 there, representing the other 31 is actually captured under

1 the indirect costs, whether that would be -- if that is an
2 issue, whether -- your comment on whether that would be an
3 appropriate way of trying to address that issue?

4 MR. McKEOWN: I believe so, yes.

5 MR. HARPER: Okay. Well --

6 MR. McKEOWN: If I am following the sequence that you
7 are explaining.

8 MR. HARPER: Okay. Well maybe you can think it
9 through and, if you have a problem with my suggestion, you
10 can comment on that as well in response to the undertaking.

11 MR. McKEOWN: Sure.

12 MS. HELT: So that will be undertaking JTC 3.6.

13 **UNDERTAKING NO. JTC 3.6: TO RESPOND TO MR. HARPER'S**
14 **SUGGESTION FOR CALCULATING POLE REPLACEMENT LOSS IN**
15 **PRODUCTIVITY**

16 MR. HARPER: And then I would like to turn to page 25
17 of your evidence, which is the last page. And here on the
18 very last paragraph you have a recommended pole attachment
19 rate. The original evidence said 17.85; I think that was
20 corrected yesterday to say 17.18 and, depending upon your
21 response to Mr. Rubenstein's undertaking, it may change
22 again.

23 But really what I wanted to focus on was the fact that
24 there was no time frame associated with this. And I wanted
25 to clarify whether -- because Hydro Ottawa's application is
26 for the years 2016 to 2020, and whether it's your
27 recommendation that the appropriate pole attachment rate
28 would be 17 something -- I will say 17.85, subject to

1 revision, for all those years or whether just for 2016 and
2 then subject to the type of escalation that Hydro Ottawa is
3 talking about for subsequent years?

4 I just wanted to clarify the context of your
5 recommendation with respect to -- we are talking about a
6 five-year application, here.

7 MR. McKEOWN: So it's my understanding that 2013 was
8 used as the base for the calculation of the cost and that
9 those costs will produce a rate which will then be applied
10 for the period 2016 to 2020. And so if the Board is to set
11 a cost-based rate using the methodology that I outline,
12 then that rate would apply for the entire period.

13 MR. HARPER: Okay. You are aware that, in Hydro
14 Ottawa's application, its proposal is to escalate the 2016
15 rate that's approved, part of their proposal is to escalate
16 that by 2.1 percent per year throughout the balance of
17 their customer IR period? That can be found at technical
18 conference, day 1, page 110.

19 MR. McKEOWN: So it's my understanding that the rates
20 start at \$57 in 2016 and continue until the end of 2017 and
21 then 2018, they become \$58 until -- well they would run at
22 that rate until 2020.

23 MR. HARPER: Okay. Well, we will leave it there, if
24 that's your understanding.

25 I just want to check something here. Okay, no, that's
26 fine. Those are all my questions, thank you.

27 MS. HELT: Thank you Mr. Harper. Mr. Aiken, how long
28 do you think you will be? Not very long?

1 MR. AIKEN: Zero minutes.

2 MS. HELT: Oh. You have no questions?

3 MR. AIKEN: No.

4 MS. HELT: All right. And I believe CCC has no
5 questions either; Ms. Greey was here and she has left. Mr.
6 Clark, do you have any questions on behalf of OEB Staff?

7 MR. CLARK: No.

8 MS. HELT: Are there any other questions? No. All
9 right, then. I would like to thank the witness panel very
10 much for your answers. We will take a break now for about
11 20 minutes; we will come back at 11:10 a.m., at which time
12 we will commence with some preliminary remarks concerning
13 the settlement conference, the settlement process,
14 introduction of the facilitator. And we will give the
15 court reporter an opportunity to gather her things and move
16 out of the room and we will take it from there. So the
17 technical conference is now concluded and we will take a
18 break until 11:10 a.m. Thank you.

19 --- Whereupon the conference concluded at 10:50 a.m.

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